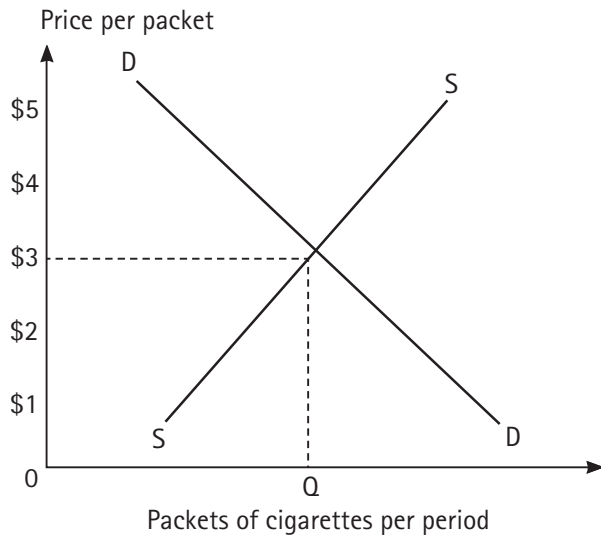


- Find the key terms and concepts in the word puzzle that match the definitions and descriptions below.

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| B | U | D | G | E | T | A | X | D | E | B | P | T | C | A | P | R |
| S | U | I | F | O | R | G | C | E | T | O | L | K | D | F | E | I |
| A | S | R | U | M | P | A | U | Z | U | I | P | H | E | L | E | P |
| L | L | E | X | A | F | U | R | C | K | V | R | T | A | S | E | U |
| A | I | C | O | R | P | O | R | A | T | I | O | N | T | A | X | T |
| N | P | T | S | G | R | H | E | N | A | M | G | R | U | R | C | H |
| C | K | B | M | I | O | L | N | A | X | O | R | T | A | S | I | Y |
| E | N | O | A | N | U | O | T | M | J | N | E | A | D | T | S | P |
| R | L | N | C | A | R | E | G | R | E | S | S | I | V | E | E | O |
| U | M | J | K | L | P | O | J | I | C | E | S | T | A | X | D | T |
| T | E | O | M | T | W | P | E | P | A | X | I | R | L | C | U | H |
| A | T | V | Y | A | I | E | D | C | P | D | V | U | O | S | T | E |
| R | A | A | B | X | Z | N | Q | U | I | Y | E | S | R | L | Y | C |
| I | N | D | I | R | E | C | T | G | T | I | N | T | E | A | S | A |
| F | L | G | R | A | V | I | R | V | A | S | U | C | M | D | L | T |
| F | I | N | A | T | I | O | N | A | L | D | E | B | T | E | I | E |
| S | U | I | F | E | C | U | S | T | T | R | A | N | S | F | E | D |
| W | A | X | D | U | M | T | A | X | B | U | R | D | E | N | G | I |

- ▶ Taxes levied on personal and corporate incomes and wealth, and collected directly from those people and organizations responsible for paying them
- ▶ Taxes on consumption or expenditure. They are normally imposed on producers who will pass on as much of the burden of these taxes as possible to the consumer
- ▶ The stock of outstanding public sector borrowing
- ▶ A tax on company profits
- ▶ A type of tax that is added to goods and services as a percentage of their value
- ▶ A tax on the sale of specific goods usually in the form of a fixed charge per unit sold
- ▶ Customs duties or border taxes imposed on certain imported goods
- ▶ Term used to describe a tax on a specific good or activity that is used to raise revenue for a specific purpose, such as financing improvements in roads or public transport
- ▶ A government's plans and forecasts for public sector spending and taxation for the financial year ahead
- ▶ A tax by which the tax rate increases as the taxable base increases. If the tax base is income then a person with a high income will pay proportionally more of his or her income in tax than a person with a low income
- ▶ A tax by which the tax rate falls as the taxable base increases
- ▶ That rate of tax paid on each additional dollar or slice of taxable income
- ▶ The amount of tax paid from total income as a proportion of that income. It therefore measures the average rate of tax an individual, an organization or entire economy pays from its income

2. (i) Show the impact of a tax of \$1 on the market price and quantity traded of cigarettes in the diagram below.



3. Suggest two reasons why a government might increase excise duty on cigarettes and tobacco products.

- (i) .....
- (ii) .....

4. Which of the following taxes is progressive, regressive or proportional in its burden on income?

|          | TAX A    | TAX B    | TAX C    |
|----------|----------|----------|----------|
| Income   | Tax paid | Tax paid | Tax paid |
| \$10,000 | \$1,500  | \$1,000  | \$500    |
| \$30,000 | \$3,000  | \$3,000  | \$3,000  |
| \$80,000 | \$4,000  | \$8,000  | \$12,000 |

Tax A ..... Tax B ..... Tax C .....

5. Indira has an annual income of \$30,000.01. She is able to earn \$4,999.99 each year before she has to pay any tax. She then has to pay a tax rate of 15% on any income between \$5,000 and \$20,000, and 25% of any income over \$20,000. What is her average tax rate? (Show your calculations)

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